
STATE OF INDIANA

DEPARTMENT OF LOCAL GOVERNMENT FINANCE



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School Property Tax Control Board Meeting Minutes March 16, 2006

The monthly meeting of the School Property Tax Control Board was held on Thursday, March 16, 2006. The meeting was held in the Indiana Government Center South, Conference Center Room 2, 302 West Washington Street, Indianapolis, IN 46204. Those in attendance were Roger Umbaugh, Ken Barnes, Debbie Hineline, Joe Bronnert, Richard Besinger, Chuck Nemeth, Kurt Barrow, Morris Mills and Teresa Hemmerle, Administrative Officer.

Minutes and Discussion: February 16, 2006 meeting minutes.

MSD of Lawrence Township, Marion County: Officials requested approval of a pension bond issue in the amount of \$11,340,000. The tax rate impact of the bond issue is \$0.0182. The term of the bond is 20 years. The Neutrality Resolution states the Capital Projects fund will be reduced to offset the debt. This is the second request for a pension bond with the first request for \$16,000,000 approved by the DLGF on May 30, 2002.

Present for the hearing was Robin Phelps, Chief Financial Officer; Edward Williams, Assistant Superintendent; Larry Amenett, Assistant Business Manager; David Day, School Attorney; Charles Rubright, Labor Counsel; Tom Grabill and Nate Day, Educational Services Company and Thomas Peterson, Ice Miller.

Comments: The Chief Financial Officer spoke about the proposed pension bond issue. They are requesting \$11,340,000 to be used to fully cover their pension liability. They have bonded in the past, but they did not have sufficient capacity to cover their unfunded liability. They submitted a revised cover sheet for their request.

Mr. Bronnert asked for the amount of the previous bond issue and the Chief Financial Officer replied \$16 million. Mr. Bronnert asked how the bond proceeds from the first bond issue were used. The Chief Financial Officer said they used \$10 million to buyout the years of service and the remainder was used to pay other retirement benefits. Mr. Bronnert asked if there was an agreement with teachers to those buy outs and the Chief Financial Officer replied yes.

Mr. Barnes asked about the \$391,000 in capitalized interest listed on the hearing information sheet. Mr. Day responded that since the bonds will be sold the first half of this year, they need to capitalize the interest since they would not have funds on hand to make a payment until June 2007. Mr. Barnes asked about the opportunity cost of this financing. Mr. Day said there is an opportunity cost due to the fact that they must borrow to cover this liability. They must choose to borrow more up front or loan a little less and make higher payments. Mr. Barnes asked if they

have a retirement agreement. The Labor Counsel said there are two components to the retirement plan. The first bond issue bought out one component. The teachers will not go further in the buyout process and have scheduled a meeting for after this control board meeting. He said the union felt the only leverage they had was to send the school to this control board meeting without a deal. The current union proposal is unacceptable.

Ms. Hineline asked what the Rainy Day fund will be used for and the Chief Financial Officer said they use \$350,000 per year to cover the cost of security.

Mr. Mills made a motion to reject this pension issue due to the lack of an agreement and Mr. Besinger seconded the motion. Mr. Barnes suggested tabling this issue for a month. Mr. Mills felt the legislative intent was for the schools to have the issue settled. Mr. Besinger felt they should be concerned about the interest of the taxpayers as some of these contracts are pretty lucrative. The Labor Counsel said there are requests from the union the administration will not approve. Officials will work through the second component. He said they reached an agreement on this issue prior to this round of bargaining and he feels they will come to an agreement.

Mr. Umbaugh suggested, at worst, tabling this issue until the April meeting or approving subject to an agreement. Mr. Mills withdrew his motion, but said he wants a deal to be reached before bonds are sold and felt the issue should be tabled. Mr. Umbaugh suggested an approval contingent on an agreement. Mr. Besinger felt the school still would have leverage even if this bond issue is denied. Mr. Umbaugh noted this is a recommendation to the Commissioner of the DLGF.

Mr. Mills asked who entered into the contract. The Labor Counsel said the problem is not what is in the contract, but items the teachers want added to the contract. Those items include the amount of prep time and what they can do in prep time as well as the number of classes they are allowed to teach.

Motion: Mr. Mills made a motion to table the issue to the April 20, 2006 School Property Tax Control Board meeting. Mr. Besinger seconded the motion, which failed to carry by a 3-3 vote. Mr. Bronnert, Ms. Hineline and Mr. Umbaugh cast the dissenting votes.

The Labor Counsel said the school corporation is still held hostage by tabling the issue.

Mr. Mills made a motion to deny the pension bond issue. Mr. Besinger seconded the motion, which carried 4-2. Mr. Umbaugh and Mr. Bronnert cast the dissenting votes and Mr. Nemeth and Mr. Barrow were absent from the vote.

CSC of Southern Hancock County, Hancock County: Officials requested approval of a bank note in the amount of \$985,000. The total project cost is \$2,400,000, with \$215,000 from the Capital Projects fund and other funds from a prior debt issue. The term of the debt issue is 6 years. The tax rate impact of the project is \$0.0201 with a new facility rate impact of \$0.0044 expected. The Governor's Representative abstained from the common construction wage scale vote. There was no application for a petition and remonstrance process.

Present for the hearing was Jim Halik, Superintendent; Bob Yoder, Assistant Superintendent; Tom Tucker, School Board member; Kari Vilamaa, Architect; Steve Meno, Fifth Third Securities and Karl Sturbaum, Bose McKinney & Evans.

Project: The New Palestine High School Classroom project will add 14,900 square feet to the current 255,921 current square footage at New Palestine High School. The new construction will add eight (8) new classrooms to the southwest corner of the current structure, two (2) of which will be Computer Labs and two (2) will be Science Labs. Each classroom will be structured to accommodate approximately thirty (30) students, with the Science Lab and Computer Lab likewise containing thirty (30) lab stations and thirty (30) computer stations respectively. In addition, the project will expand the current weight room to accommodate both academic and extracurricular student needs.

The new classrooms will connect the current structure via existing entrances by the Media Center and by the Industrial Technology/Auxiliary Gymnasium corridor. In alignment with past trends and research, which indicate that natural light enhances the learning environment, all classrooms will have windows to accommodate student exposure to natural sunlight.

In a ten (10) year timeframe, the Southern Hancock school system has grown by 726 students, with the high school's ten (10) year growth at 211, the middle school at 200, and the elementary schools at 289 students. If past history is an indication, the school district will reach 1,100 students that is currently considered a comfortable capacity for New Palestine High within the next two (2) years.

The New Palestine High School classroom project will add needed space for future student growth and will make it possible for the school to expand and enhance the current curriculum. Additionally, the project will allow the school/school district to explore new concepts such as a Freshman Academy and Team/Collaborative Teaching, etc.; options that have not been possible under the current conditions at New Palestine High School.

Comments: The Business Manager spoke about the project. They are requesting a loan in the amount of \$985,000 to enhance the current curriculum at the high school and to address the growth in enrollment. The term of the loan is six years. The addition of 14,900 square feet will include two science labs, two computer labs, four classrooms and a weight room. The design allows for the addition of eleven classrooms later if needed. The total project cost is \$2.4 million. The minimum graduation requirements in place at the high school already exceed the Core 40 requirements. The goal is to improve the academic performance of students. The need for the expanded weight room is apparent in the fact it is used throughout the day with 25 to 35 students per class. The district has grown from 2,480 students in 1995 to 3,206 in 2005, which is an increase of 29%. The high school level has grown from 798 in 1,009 in the same period for an increase of 26%. There was no application for a petition and remonstrance process and there is unanimous school board support. Hancock County is the third fastest growing county in the state. There are 638 lots approved with an additional 400 in the process for approval. The tax rate impact of this project is \$0.02. A new facility appeal in the amount of \$35,519 is expected and will be implemented over a two year period due to the timing of occupying the facility. The

2005 pay 2006 assessed value is \$845 million, which is a 5.5% increase over the previous year. The tax rate for 2006 is \$0.03 higher than the 2003 tax rate.

Mr. Mills asked how the rest of the project is being funded. Mr. Meno replied there are some monies from a holding corporation, \$215,000 from the Capital Projects fund and funds from another project.

Mr. Bronnert asked Mr. Mills to explain the negative impacts of the new facility appeal. Mr. Mills noted his concern of the 100% impact to taxpayers to fund the new facility appeal and that schools already receive additional state funding for increases in enrollment.

Mr. Umbaugh questioned the difference in the levy of \$169,000 used to calculate the rate impact when the payment is \$204,000. Mr. Meno explained there would be other revenues received to cover the difference.

Ms. Hineline asked why the Governor's representative abstained from the common construction wage vote. The Business Manager believed that is standard procedure.

Motion: Mr. Barnes made a motion to approve a general obligation bond issue in the amount of \$985,000. Mr. Umbaugh seconded the motion, which favorably carried 6-0. Mr. Nemeth and Mr. Barrow were absent for the vote.

Monroe-Gregg School District, Morgan County: Officials requested approval of a pension bond issue in the amount of \$1,245,000. The tax rate impact of the bond issue is \$0.0428. The term of the bond is 15 years. The Neutrality Resolution states the Capital Projects and/or Bus Replacement funds will be reduced to offset the debt. This is the first request by the school corporation for a pension bond issue.

Present for the hearing was Paul Kaiser, Superintendent; Kelly Dillon, Treasurer; Randy Ruhl, City Securities Corporation; Doug Cassman, Educational Services Company and Jane Herndon, Ice Miller.

Comments: The Superintendent spoke about the proposed pension bond issue. The pension liability is \$1.9 million, but \$1,245,000 will satisfy the obligation. This is their first request for a pension bond issue. This pension bond will help save \$50,000 to \$75,000 per year. The term of the bond issue is 15 years and the Bus Replacement and Capital Projects funds will be reduced to offset the debt.

Mr. Mills questioned using a discount rate of 2.5% since the Indiana Bond Bank indicates this can overstate the obligation. They feel the discount rate should be 4% or 5% and several schools here before the board today used a 5% discount rate. Mr. Cassman said they used a lower discount rate because the earning potential schools had when the law was first enacted four years ago was 0.9%. Mr. Mills said the accounting firm of Crowe Chizek states the discount rate should be 4% to 5%. Mr. Cassman said Crowe Chizek did not prepare any of the actuarial studies. Ms. Herndon noted some schools used 5% to 7% when the law first passed and were negatively impacted. Mr. Cassman said there have been two different arrangements with these

issues. Some were based on what the school corporation could earn if they held the funds and others were based on what the funds being released to the teachers who could earn 6%.

Mr. Barnes asked what if payments are coming off in 2010 upon reviewing the amortization schedule. Mr. Ruhl said there is really nothing coming off until 2011-2012. Officials felt they should ease into the payment schedule due to the neutrality requirement. They have used a conservative interest rate and fifteen year term and he feels the \$150,000 payments will go down. Mr. Barnes asked why extend the term so long with a low tax rate the last five years. Mr. Ruhl said the term might be reduced. The page Mr. Barnes was referring to reports only the current debt and does not include this pension bond. They are assuming a 1% assessed value growth in the school district.

Mr. Mills thought other funds were to be reduced. Ms. Herndon said the Capital Projects fund budget is already tight. Mr. Mills asked why the pay back does not begin immediately. Officials said this will allow them to meet current building needs.

Mr. Bronnert asked about the condition of the buildings. The Superintendent said the high school was built in 1968 with little improvement since.

Mr. Barnes noted his concerns with some repayment schedules, but does not know what control this board has to revise amortization schedules.

Mr. Mills felt the levy was not being reduced and Ms. Herndon assured him the levy would be reduced to offset the debt.

Mr. Umbaugh asked if the first payment would occur in 2007 and Mr. Ruhl replied yes.

Motion: Mr. Umbaugh made a motion to approve a pension bond issue in the amount of \$1,245,000 with the term shortened by 2 to 3 years. Ms. Hineline seconded the motion. Mr. Mills asked why there was capitalized interest in 2006 and Mr. Umbaugh said that was due to the levy not being in place until 2007. The motion was called to a vote, which failed to carry by a vote of 3-3-2. Mr. Mills, Mr. Besinger and Mr. Barnes cast the dissenting votes. Mr. Barrow and Mr. Nemeth abstained from the vote.

Western School Corporation, Howard County: Officials requested approval of a lease rental agreement with maximum annual payments of \$2,139,000 for 23 years. Total project costs are \$20,039,675 with \$539,675 from the Capital Projects fund. The tax rate impact of the project is \$0.19 with a new facility rate impact of \$0.0167 planned. The Governor's Representative abstained from the common construction wage vote. There was no application for a petition and remonstrance process.

Present for the hearing was Ron Wilson, Superintendent; Randy McCracken, Assistant Superintendent; Mike Koloszar and Linda Singer, School Board members; Charles Wolf, High School Principal; Heather Hendrich, Intermediate School Principal; Steve Arthur, Primary School Principal; James McIntyre, School Attorney; Michael Witteveen, Construction Manager; Andy McNeilly and Rick Ruppert, CSO Schenkel Schultz and Thomas Peterson, Ice Miller.

Project: With the last major facility improvement occurring nearly ten years past, the scope of work proposed to be undertaken currently is the result of three years of administrative planning, community participation, and professional consultation. The work can be categorized into four fundamental areas. First is the comprehensive rearrangement of the shared campus building site to address traffic and parking issues. Second is the additions and renovation to the Western Primary School (kindergarten through second grade) and Western Intermediate School (third grade through fifth grade) to meet the needs for increased building capacity and provide shared activity spaces. Third is the addition and renovation to Western High School to remedy dilapidated construction, inadequate program spaces, and aging mechanical equipment. Finally, the project will provide a centralized water treatment facility to replace aging equipment in the buildings. This will provide quality water to the campus in a cost effective manner. Given their proximity to each other, these projects are to be undertaken simultaneously as a concerted effort.

The Western schools building complex occupies a shared campus site at the intersection of County Road 600 West and County Road 300 South in Howard County. Currently, parking lines both sides of 600 West and poses a daily conflict between student drop-off, bus delivery and through traffic. Several planning changes are proposed to alleviate this problem and restore safety and efficiency to this recurring activity. The on street parking is to be “flipped” creating internal drive lanes and parking stalls. This improvement coupled with a dedicated circular drive affronting Western Primary School will eliminate the interruption created by vehicles backing directly into oncoming traffic. As a response to the expansion to the primary and intermediate schools, the bus drive will be segregated from the daily parent and staff traffic. This will promote safer and more efficient student delivery onto the site. Also, issues of utility access and site drainage can be improved at the same time.

Western Primary School and Western Intermediate School are physically separated by no more than one hundred feet at their closest point. Based on current (and projected) student population both schools need additional classroom and activity space. The proposed solution to this circumstance is to connect the two schools through an administrative and reception addition at the entry of the buildings and a series of classrooms and shared use activity spaces bridging the backsides of the facilities. The proposed addition at the front will create a single centralized secure point of entry to the combined facilities. Two new administration suites (one for each school) will be developed to better accommodate staff functions. This area will also include an enlarged, shared health clinic, shared counselor offices and a shared workroom. Centralizing these currently scattered functions will free up space in both buildings that can be converted into special education classrooms, speech and hearing spaces, small group or individual instruction spaces, and much needed storage. Linking the backsides of the schools will complete the connection of the buildings for freedom of movement between the two buildings. It also creates the opportunity to construct a shared physical education space serving as both a bridge and a buffer for the buildings. Associated bathrooms and storage will serve both large group functions and the regular student population. Construction of such a space removes daily physical education and large group activities from now overbooked dual use cafeterias. An added benefit is added athletic practice space and after school community use space. On the primary school side, new kindergarten classrooms would represent the majority of building construction. In turn, additional grade level classrooms are reclaimed from the vacating of the current kindergarten. The intermediate school would see growth through the construction of additional

grade level classrooms, a computer lab and a media center. Again, reclaimed spaces are to be converted for grade level classroom use. Only a minor amount of remodeling will be required to complete the project program. This work is limited to the intermediate school where special education classrooms are created by removing dividing walls between existing administration staff offices. Existing environmental systems are planned to be serviced and continue to serve their respective buildings. The new classroom/physical education addition will be served by a new, efficient, appropriately sized mechanical system.

Western High School is a compilation of a number of additions from various points in time. While this approach has provided enough spaces to conduct classes, a significant number of classrooms have become obsolete for their original purpose, or worse, unserviceable due to structural or environmental failures. This is most evident in the oldest portion of the high school which was constructed over forty years ago. The proposed addition to the high school is a simple, two-story, double loaded corridor wing connecting the main building to the combined gymnasium/corporation administration building. The lower floor of the addition will be a series of general subject classrooms emerging from a newly renovated commons adjacent to the existing cafeteria. The upper floor is to be populated with science lab/ classrooms and shared prep spaces. These will replace antiquated, undersized science labs that will be reclaimed for general studies classrooms. To accommodate the new addition, the existing wing it replaces is subject to partial demolition. This is a prudent decision given the cost of renovation to this portion of the building. A renovation approach was projected to be greater than the cost of replacement and would still not yield academically appropriate spaces. However, renovation is proposed for the existing administration suite to accommodate an improved, expanded health clinic and counselor offices. This same renovation will address current issues of building security and public reception. Other renovations to the high school will include an upgrade to the HVAC system for the balance of the original structure, a dehumidification system for the pool to eliminate the infiltration of humid air to the remainder of the building, window replacement for energy efficiency, and general aesthetics improvements including wall coverings and ceiling tile replacement. Supplementing of existing mechanical systems and maintaining the current location of incoming utilities will further reduce construction costs and minimize disruption to daily activities.

A centralized well/water treatment facility rounds out the building/improvement project. This consolidates the water treatment process in one area and replaces outdated equipment at four building locations. Two of the three current wells have had issues and will be abandoned. A second well will be added to the remaining/newest well so quality water can be provided throughout the campus.

Comments: The Superintendent spoke about the project. The school district is comprised of a single campus including a K-2 primary school, a 3rd-5th grade intermediate school, a 6th-8th middle school and a 9th-12th high school. The district is located in western Howard County about six miles from Kokomo. The district encompasses several towns with the largest being Russiaville. Many of the school patrons work in Kokomo, Lafayette and Indianapolis with varying employment backgrounds. There are several housing developments in the district and more are on the way. This project is dedicated to enhance the educational environment for students. School patrons have been calling these problems to the attention of the administration

for the past six years. A feasibility study was conducted by Dr. Robert Boyd of Indiana State University in January 2001. The study projected a loss of 108 students from 2000 to 2007, but they actually have grown 12% during that time. They have seen a growth of 33% in grades K-1st and they have already exceeded in 2005 the Department of Education enrollment projection for 2007-2008. In spite of the missed enrollment projections, the study concluded there was a significant space problem at both elementary schools. The study concluded the need for additions to the primary and intermediate schools. The feasibility study did not address needs at the high school. An earlier study completed in 1993 called for plans to renovate the high school science rooms. The renovation plan was eliminated due to budget constraints and was not included in the 1997 building project. Architects presented to the school board a facility planning report in October 2003, which was a continuation of an attempt to address the needs brought out by the feasibility study. The report also emphasized the need to do some renovations at the high school. The school board directed the administration to organize a plan to resolve some of these issues in August 2004. The school board set goals for action, which would emphasize safety, security and efficiency, educational programs, cost and fiscal responsibility, identify needs versus wants and environmental solutions. A community task force was established in October 2004, which included teachers, support staff, parents, administrators and community members. Their task was to discuss the needs, options, alternatives and present recommendations. Meetings were held, on average, at least monthly from October 2004 until December 2005. The task force recommendations included additional classroom space at elementary schools to enhance educational programs. The growth in enrollment has increased class sizes and caused the kindergarten and first grade classes to be relocated across the street from the primary school. In order to prepare for all-day kindergarten, more classroom space is needed. The presentation submitted included pictures of some of the classroom spaces. The second recommendation from the task force was to add a physical education classroom between the elementary schools to enhance educational programs. This will allow for the state physical education requirements to be met. The third recommendation from the task force was to replace and remodel science classrooms at the high school to enhance educational programs. The classrooms have not been updated since 1971 and more students are taking science courses due to the new Core 40 requirements. Another recommendation by the task force was to remodel or relocate elementary and high school building entrances to improve security. The design of the entrances currently are not conducive to safety and security. The task force also recommended to redesign and reroute traffic and provide separate drop-off and parking areas. Officials want to eliminate the parking on the busy road in front of the primary/intermediate school and separate bus and car traffic. It is necessary currently to back out into the busy road to exit a parking space. Another task force recommendation was to install a new boiler, chiller and HVAC system in the high school. The current equipment is outdated and inefficient and the building has mold and humidity problems. The cost to operate and maintain these systems is getting too high. The final recommendation involves updating the central well to address water quality issues. There have been ongoing water issues with the Indiana Department of Environmental Management. After receiving the recommendations, the architects were asked to draft the schematics to take to the public. Eight public meetings were held from April to June 2005 to inform the public and gather their input. Officials met with the task force and architects to use the input from the public meetings to adjust the project. Two more public meetings were held in December 2005 prior to the 1028 hearing. The 1028 hearing was held on December 13, 2005 and there has been no opposition expressed. The total project costs, including hard and soft costs, is \$20,039,675.

The project will be funded through a \$19.5 million bond issue and \$539,675 from the Capital Projects fund. The terms of the lease call for a maximum payment of \$2,139,000 for a term of 23 years. The estimated tax rate impact is \$0.20.

Mr. Bronnert asked if the septic system has been addressed. The Assistant Superintendent said they are in the design process. They approximate to take four months to design and four months for the Indiana Department of Environmental Management to review the project.

Mr. Barnes noted the drop in debt payments from \$2.6 million to \$2.1 million in 2016. He asked if it was considered to maintain the higher payment so the term could be shortened. The Superintendent said there has been discussions about the repayment options. Mr. Barnes asked Mr. Therber if a level repayment was considered. Mr. Therber said several options were reviewed and considered. Mr. Barnes asked if the school board considered the tax rate impact. Mr. Therber said they are sensitive to a tax increase and most prefer a level tax rate. Mr. Barnes asked why not offset tax decrease in 2017 to reduce interest costs. Mr. Therber replied this school corporation is not done addressing building needs. Mr. Barnes said it appears school districts are led around by consultants to lengthen terms, which increases interest costs to taxpayers. The Superintendent said the school board is aware of the effects to taxpayers and they know the decision is theirs to make. The Assistant Superintendent noted he spoke with Mr. Therber yesterday on the possibility of paying more upfront.

Mr. Umbaugh questioned the interest during construction versus capitalized interest listed on the hearing information sheet. Mr. Therber said interest during construction will be offset by earnings. Mr. Umbaugh felt this was reported on the wrong line. Mr. Therber said this reflected the remaining capitalized interest.

Mr. Nemeth said the study indicated loss of students, but they have actually experienced growth. He asked if officials rely on this study. The Superintendent said they felt the same way, but the individual who prepared this study has high credentials.

Mr. Mills asked about the possible shut down of the Delphi plant in Kokomo. The Superintendent said he does not believe it will close, but the space is still needed regardless.

Mr. Nemeth asked about the resource area listed on the Building Analysis form for the primary school. The Assistant Superintendent said that is a resource area for kindergarten. Mr. Nemeth asked about the reference to the former Superintendent office. The Assistant Superintendent said that was in the west wing area of the building that is scheduled to be demolished. Mr. Nemeth raised his concerns of the repayment terms proposed, but the problem is what can the control board do in those cases.

Mr. Umbaugh said he looks at the amortization schedules as well. The problem is when you start planning for the future and looking at other projects that are coming. He said capital planning is fairly short term.

Mr. Barnes questioned the possibility of level debt service. Mr. Therber felt the school board would be open to a change in the schedule to shorten the term. The key in this case was to keep the tax rate impact below \$0.30 early on.

Mr. Mills said by delaying payments, it is no wonder taxpayers support projects. He feels repayment should begin when the facilities are occupied.

Motion: Mr. Umbaugh made a motion to approve a lease rental agreement with maximum annual payments of \$2,139,000 for 23 years. Ms. Hineline seconded the motion, which failed to carry by a vote of 4-4. Mr. Besinger, Mr. Barrow, Mr. Mills and Mr. Nemeth cast the dissenting votes.

Mt. Vernon Community School Corporation, Hancock County: Officials requested approval of a pension bond issue in the amount of \$2,940,000. The tax rate impact is \$0.0290. The term of the bond issue is 20 years. The Neutrality Resolution states the Capital Projects fund will be reduced in 2007 to offset the debt. This is the second pension bond request with the initial request of \$2,650,000 approved by the DLGF on October 8, 2002.

Present for the hearing was Bill Riggs, Superintendent; Mike Horton, Assistant Superintendent; Bev Baugh, Business Manager; Nate Day and Tom Grabill, Educational Services Company and Jane Herndon, Ice Miller.

Comments: The Superintendent spoke about the proposed pension bond issue. Officials are requesting a pension bond issue in the amount of \$2,940,000 to complete the funding of the severance liability. This is the second request for them. They reached an agreement in 2000-2001 with their teachers, but lacked the bonding capacity to finance it fully. The first issue was in the amount of \$2,650,000. They have negotiated another contract since and there were no changes made.

Mr. Barnes asked if teachers could still be working under the old agreement and the Superintendent said they had to be on staff by the 2000-2001 school year.

Mr. Umbaugh noted the tax rates listed on page 5 of the hearing information sheet do not calculate to the total tax rate of \$1.50. Mr. Day explained the Debt Service tax rate should be the same as listed on the first year column. Mr. Umbaugh asked for confirmation that school officials do not expect SPTRC on the debt and Mr. Day said that was correct. Mr. Umbaugh asked if the school board was also aware and Mr. Day replied yes. Mr. Umbaugh asked what the school board vote was on the bond resolution and the Superintendent said it was unanimous.

Mr. Bronnert asked if the Capital Projects fund was at the maximum tax rate and the Superintendent responded yes. Mr. Bronnert asked about the condition of the school facilities in the district. The Superintendent said they will do some repairs at the older buildings, but they are in good shape.

Motion: Mr. Nemeth made a motion to approve a pension bond issue in the amount of \$2,940,000. Mr. Barnes seconded the motion, which favorably carried 8-0.

Bartholomew Consolidated School Corporation, Bartholomew County: Officials requested approval of a pension bond issue in the amount of \$3,235,000. The tax rate impact is \$0.0091. The term of the bond is 15 years. The Neutrality Resolution states the Capital Projects and Bus Replacement funds will be reduced in 2007 to offset the debt. This is the second pension bond request with the initial request of \$12,500,000 approved by the DLGF on October 29, 2002.

Present for the hearing was John Quick, Superintendent; Vaughn Sylva, Assistant Superintendent of Finance; Charlie Wells, School Attorney; Tom Grabill and Nate Day, Educational Services Company and Thomas Peterson, Ice Miller.

Comments: The Assistant Superintendent spoke about the proposed pension bond issue. They are requesting \$3,235,000 and this is the second request for a pension bond issue. The first request was in the amount of \$12,500,000. Officials did not request more with the first request to conserve future bonding capacity. The first bond issue addressed early retirement for active and retired teachers prior to the year 2000. This second issue will address some remaining obligations plus severance. The General fund would see a reduction in obligations of \$400,000 per year. Though this is a tax neutral issue, the benefits to the General fund are huge since the cash balance was down to \$1.6 million on January 1, 2006.

Mr. Besinger asked the last page of the material submitted that lists the teacher severance at over \$1.2 million and administrative health insurance of over \$2 million. The Assistant Superintendent said that represented the unfunded liability. Mr. Besinger commented that was very costly to the taxpayers. The Assistant Superintendent said those were no longer in effect and were bought out with the first bond issue. Mr. Besinger asked why the list was showing payments through 2034. Mr. Peterson explained that list represents what the district was obligated for as of June 30, 2001 and shows how much the district was able to save. The two bond issues cover those obligations listed.

Mr. Barnes noted the teachers also receive \$12 million in bridge payments that the administration does not get.

Mr. Nemeth asked if the school board vote was 7 to 0 for the bond resolution and the Assistant Superintendent replied yes. Mr. Nemeth asked if officials were currently in negotiations. The Assistant Superintendent said there are in negotiations and there are three major aspects, which include salary, retirement and health insurance. School officials are considering between self insurance versus health insurance. The teachers want to see all three pieces before making a decision. Mr. Nemeth asked if anything from the unfunded 2001 liability was still in negotiations. The Assistant Superintendent said they are negotiating the buyout and teachers want to see all three pieces. The only reason there has been no agreement is the health insurance review. Mr. Nemeth asked if the negotiations are hinging on the outcome of this bond issue and the Assistant Superintendent said this bond issue does not have a major impact.

Mr. Mills asked if there are still issues that could be opened even with this bond issue. The Assistant Superintendent said there are some minor issues.

Motion: Mr. Mills made a motion to deny the pension bond issue. Mr. Barnes seconded the motion, which carried by a vote of 6-1-1. Mr. Umbaugh cast the dissenting vote and Mr. Bronnert abstained.

South Henry School Corporation, Henry County: Officials requested approval of a pension bond issue in the amount of \$800,000. The tax rate impact is \$0.0415. The term of the bond is 15 years. The Neutrality Resolution states the Capital Projects and Bus Replacement funds will be reduced in 2007 to offset the debt. This is the first request for a pension bond by this school corporation.

Present for the hearing was John Magers, Superintendent; Nate Day and Tom Grabill, Educational Services Company and Jane Herndon, Ice Miller.

Comments: The Superintendent spoke about the proposed pension bond issue. They are located just south of New Castle. They are requesting a pension bond issue in the amount of \$800,000. The forecasted future value of the liability is just over \$1 million with an estimated present value of \$783,165. The school board unanimously supports this bond issue. Officials submitted a letter signed by the teachers' representative stating a tentative agreement has been reached.

Mr. Bronnert asked why a term of 20 years for repayment. Mr. Day said a term of 15 years has actually been selected. Mr. Bronnert asked if a Neutrality Resolution has been submitted and Ms. Hemmerle replied yes.

Mr. Mills asked how officials planned to buy buses with a reduction to the Bus Replacement fund. The Superintendent said they only own five buses and they will spread out purchases as best they can.

Mr. Umbaugh asked if school officials were aware Property Tax Replacement Credit should not be included for this issue and Mr. Day replied yes.

Mr. Barnes felt a tentative agreement should be acceptable for the School Property Tax Control Board. Mr. Day noted teachers did hold a ratification meeting. The Superintendent said they have not completed the negotiations for salaries. Mike Shanesy, ISTA, said teachers did ratify this buyout. Mr. Barnes said he believed it was highly unusual for teachers to ratify only a portion of negotiated items. Mr. Shanesy confirmed they did ratify this piece of the agreement.

Motion: Mr. Barnes made a motion to approve a pension bond issue in the amount of \$800,000. Mr. Umbaugh seconded the motion, which favorably carried 8-0.

Pioneer Regional School Corporation, Cass/White County: Officials requested approval of a pension bond issue in the amount of \$1,950,000. The tax rate impact is \$0.0729. The term of the bond is 20 years. The Neutrality Resolution states the Capital Projects and Bus Replacement funds will be reduced to offset the debt. This is the first request for a pension bond by this school corporation.

Present for the hearing was Dave Bess, Superintendent; Nate Day and Tom Grabill, Educational Services Company and Jane Herndon, Ice Miller.

Comments: The Superintendent spoke about the proposed pension bond issue. Officials are requesting a pension bond issue in the amount of \$1,950,000. This is the first pension bond request for this school corporation. Officials do have a tentative agreement and this issue will eliminate the unfunded liability for certified and non-certified staff.

Mr. Mills asked if benefits were cut off as of June 30, 2001 and Mr. Day replied benefits were negotiated to end June 30, 2005. Mr. Mills asked if the unfunded liability is greater than the amount listed as of June 30, 2001 and Mr. Cassman replied no.

Mr. Bronnert asked if school officials had copies of the proofs of publication, bond and neutrality resolutions and the Superintendent replied yes. Mr. Bronnert asked if the Capital Projects fund is at the maximum tax rate and the Superintendent responded yes.

Mr. Nemeth asked for an explanation of question 16 on page 7 of the hearing information sheet, which pertained to bond proceeds saving money. Mr. Day said since the obligation is being bought out today, they are paying a lesser amount. Mr. Nemeth asked if the tentative agreement means there is still language to work out. Craig Blume, ISTA, said they have come to an agreement and he needs to prepare the written agreement. He had no reason to believe it would not be approved.

Motion: Mr. Mills made a motion to approve a pension bond issue in the amount of \$1,950,000. Ms. Hineline seconded the motion, which favorably carried 8-0.

Twin Lakes School Corporation, White/Carroll County: Officials requested approval of a pension bond issue in the amount of \$2,250,000. The tax rate impact is \$0.0310. The term of the bond is 12 years. The Neutrality Resolution states the Capital Projects and/or Bus Replacement funds will be reduced in 2007 to offset the debt. This is the second pension bond request with the initial request of \$3,775,000 approved by the DLGF on March 14, 2002.

Present for the hearing was Tom Fletcher, Superintendent; Dennis VanDuyne, Assistant Superintendent; John Gooding, Mark Bentlage, and Mark Mills, School Board members; Jo Piatt, CTO President; Jim Merten, City Securities Corporation and Jane Herndon, Ice Miller.

Comments: The Superintendent spoke about the proposed pension bond issue. Officials have a ratified agreement with their teachers that has been approved by the school board. This is the second request for a pension bond issue and will complete the unfunded retiree health insurance obligation. The bond proceeds from this issue will be placed in individual VEBA accounts. New employees will see a contribution made to their VEBA account beginning with new teachers hired next year. The term of 11 years is to coincide with the repayment of the first bond issue. They will reduce the Capital Projects fund to offset the debt, which is at the maximum tax rate currently.

Motion: Mr. Barnes made a motion to approve a pension bond issue in the amount of \$2,250,000. Mr. Umbaugh seconded the motion, which favorably carried 8-0.

MSD of Shakamak, Greene/Clay County: Officials requested approval of a pension bond in the amount of \$2,000,000. The tax rate impact is \$0.1422. The term of the bond is 20 years. The Bond Resolution states the Capital Projects and/or Bus Replacement funds will be reduced in 2007 to offset the debt. This is the first request for a pension bond by this school corporation.

Present for the hearing was Michael Turner, Superintendent; Chuck Rubright, Labor Counsel; Nate Day and Tom Grabill, Educational Services Company and Karl Sturbaum, Bose McKinney and Evans.

Comments: The Superintendent spoke about the proposed pension bond issue. The ADM of the school district is 676 students. They cover one township in Greene County, one township in Clay County, and Jasonville town. Officials have completed the buyout process and the agreement with teachers is scheduled to be ratified March 30, 2006. The retirement benefits and sick day liabilities were bought down in the 2003 contract. The bond proceeds will be used to cover the bridge payments by placing them in individual VEBA accounts. The Capital Projects and Bus Replacement funds will be reduced to offset the debt. The buildings are well maintained in the district. The enrollment is dropping, so staff size will be reduced through retirements.

Mr. Bronnert asked for a comment from the ISTA regarding the status of negotiations. Mike Shanesy replied he was present at the meeting and they have signed off and the agreement will absolutely be ratified.

Motion: Mr. Barnes made a motion to approve a pension bond issue in the amount of \$2,000,000. Ms. Hine line seconded the motion, which favorably carried 8-0.

Crothersville Community Schools, Jackson County: Officials requested approval of a pension bond issue in the amount of \$2,400,000. The tax rate impact is \$0.1704. The term of the bond is 20 years. The Bond Resolution states the Capital Projects and/or Bus Replacement funds will be reduced to offset the debt. This is the first request for a pension bond by this school corporation.

Present for the hearing was Terry Goodin, Superintendent; Bob Spicer and Ralph Hillenburg, School Board members and Karl Sturbaum, Bose McKinney and Evans.

Comments: The Superintendent spoke about the proposed pension bond issue. Officials are requesting a pension bond issue in the amount of \$2.4 million. The present value of the unfunded liability as of June 30, 2001 is \$2,399,000 using a 2.5% discount rate and an average retirement age of 57.5 years. The requested amount is all the school district can afford to neutralize. There is no agreement in place currently, but they are currently involved in meaningful discussions. Officials anticipate a 403(b) plan to replace the retirement plan.

Mr. Mills questioned the \$3.00 tax rate. The Superintendent said that represents the advertised budget. Mr. Mills questioned why they were so much higher when considering the equalization included in the funding formula. Mr. Mills asked what the ADM count is for the district and the Superintendent said 584. Mr. Barnes noted the \$3.00 tax rate was the total tax rate. Mr. Mills said he was comparing this district to an earlier poor school district.

Mr. Umbaugh asked if an amortization schedule was submitted and a copy was given to Ms. Hemmerle.

Mr. Nemeth asked why the term for repayment is 20 years. The Superintendent said it was to allow them to meet the neutrality requirement. Mr. Nemeth asked why officials have no agreement in place. The Superintendent said this is the first opportunity since the contract came up for negotiation. Mr. Nemeth asked when this opportunity occurred and the Superintendent replied late last year. Mr. Nemeth voiced his concerns for these pension bond issues when there is no agreement in place.

Motion: Mr. Mills made a motion to deny the pension bond issue in the amount of \$2,400,000. Mr. Barnes seconded the motion, which carried by a vote of 6-2. Mr. Umbaugh and Mr. Bronnert cast the dissenting votes.

Tri-Creek School Corporation, Lake County: Officials requested approval of a pension bond issue in the amount of \$1,200,000. The tax rate impact is \$0.0112. The term of the bond is 21 years. The Bond Resolution states the Capital Projects and/or Transportation funds will be reduced to offset the debt. This is the second pension bond request with the initial request of \$1,500,000 approved by the DLGF on December 10, 2002.

Present for the hearing was Dr. Alice Neal, Superintendent; Ray Cusic, Assistant Superintendent; Art Henderlong, ISTA; Peter Goerges, School Attorney; Rod Wilson, City Securities Corporation and Karl Sturbaum, Bose McKinney and Evans.

Comments: The Superintendent spoke about the proposed pension bond issue. Officials are requesting \$1,200,000 to eliminate the unfunded liability. The first pension bond issue request in the amount of \$1,565,000 was reduced to \$1,500,000 due to the lack of bonding capacity. The plan has been finalized with all school corporation staff. The proceeds from both bond issues and some funds from the General fund will cover the agreement. They can only afford a reduction of \$100,000 in the Capital Projects fund. The tax rate impact is \$0.01. The school board has discussed this issue on eight occasions and unanimously support this bond issue.

Mr. Bronnert asked where officials would neutralize this debt and the Assistant Superintendent said the Capital Projects fund. Mr. Bronnert asked if the Transportation fund would not be reduced and the Assistant Superintendent confirmed it would not be used for neutralization.

Mr. Mills questioned page 8 of the hearing information sheet that stated the buyout was still being negotiated. The Assistant Superintendent said they have a ratified agreement at this time.

Mr. Barrow asked what discount rate was used to calculate the present value of the unfunded liability and officials replied 5%. Mr. Barrow asked why they were different than other school districts. Mr. Wilson said that 5% was a fair rate in 2001 when the actuarial study was completed. Mr. Barrow asked if the interest rates in the bonds were estimated at 5.5% to 6.35%. Mr. Wilson said the Indiana Bond Bank will sell this issue and they are not sure when the sale will occur. They would get the best rate that the Bond Bank can offer.

Mr. Umbaugh requested a combined debt service schedule be submitted to the DLGF.

Motion: Ms. Hineline made a motion to approve a pension bond issue in the amount of \$1,200,000. Mr. Barnes seconded the motion, which favorably carried 8-0.

West Clark Community Schools, Clark County: Officials requested approval of a pension bond issue in the amount of \$6,000,000. The tax rate impact is \$0.0715. The term of the bond is 15 years. The Bond Resolution states the Capital Projects and/or Bus Replacement funds will be reduced to offset the debt. This is the first request for a pension bond issue by this school corporation.

Present for the hearing was Terry Smith, Superintendent; Chuck Rubright, Labor Counsel; Jim Elizondo, City Securities Corporation and Karl Sturbaum, Bose McKinney and Evans.

Comments: The Superintendent spoke about the proposed pension bond issue. There are 3,600 students in the school district. Officials eliminated future liability with the last contract in 2001. The new hires as of January 1, 2002 receive a 2% contribution into an individual account and are not covered under the old plan. Officials felt they had solved the problem, but could see many in the current payment structure. The maximum amount would have been \$84,000. The estimated future value of the unfunded liability is \$16.5 million and the estimated present value is \$11 million. The negotiated buy out is \$6,000,000. The number of the 200 plus teachers not covered is 94. The average buyout is \$13,695 with the highest at \$57,026 and the average being \$23,522. The new plan includes a 401(a) and VEBA accounts.

Mr. Rubright, labor counsel, continued the discussion. A tentative agreement has been reached and a vote is scheduled. The teachers must have the language in hand two weeks prior to the ratification.

The Superintendent said the teachers will have the amount they will receive before the vote.

Mr. Mills asked when the ratification vote was scheduled to take place and the Superintendent replied March 21, 2006.

Motion: Mr. Mills made a motion to approve a pension bond issue in the amount of \$6,000,000 subject to the DLGF receiving the results of the ratification. Mr. Besinger seconded the motion, which favorably carried 8-0.

South Harrison Community School Corporation, Harrison County: Officials requested approval of a pension bond issue in the amount of \$8,000,000. The tax rate impact is \$0.1172.

The term of the bond is 25 years. The Bond Resolution states the Capital Projects and/or Bus Replacement funds will be reduced to offset the debt. This is the first request for a pension bond issue by this school corporation.

Present for the hearing was Neyland Clark, Superintendent; Chuck Rubright, Labor Counsel; David Wimmer, Hilliard Lyons and Karl Sturbaum, Bose McKinney and Evans.

Comments: The Superintendent spoke about the proposed pension bond issue. Officials anticipate a bond issue in the amount of \$8,000,000. The Capital Projects fund, which has a \$3.6 million budget currently, will be reduced to offset the debt. The budget would drop to \$2.6 million in 2007. Officials are trying to reduce the term down to 10 to 12 years. They feel they can fulfill the mandates set forth in SB 199.

Mr. Rubright, labor counsel, continued the discussion. He had met with Mike Shanesy from ISTA and they have reached an agreement on conceptual aspects and will meet again April 11, 2006. Mr. Shanesy said even though there is no tentative agreement, he expects the contract to be ratified.

Mr. Umbaugh questioned the lack of a Bond Bank fee on the hearing information sheet. Mr. Sturbaum said the fee has been rolled into the rate. Mr. Umbaugh noted other pension requests have been showing the fees.

Mr. Mills asked if officials only asking for \$8 million and the Superintendent replied yes.

Mr. Umbaugh asked if they were requesting \$8 million plus an amount to cover fees. The Superintendent said the \$8 million would be adequate.

Motion: Mr. Umbaugh made a motion to approve a pension bond issue in the amount of \$8,000,000 and subject to an agreement scheduled for April 11, 2006. Mr. Mills seconded the motion, which favorably carried 8-0.

Westview School Corporation, LaGrange County: Officials requested approval of a pension bond issue in the amount of \$3,220,000. The tax rate impact is \$0.0409. The term of the bond is 20 years. The Neutrality Resolution states the Capital Projects fund will be reduced first in 2007 to offset the debt, with the Bus Replacement fund completing the offset if necessary. This is the first request for a pension bond issue by this school corporation.

Present for the hearing was Randy Zimmerly, Superintendent; Jerry Hawkins, Director of Finance; David Mehas, School Board President and Jim Elizondo, City Securities Corporation.

Comments: The Superintendent spoke about the proposed pension bond issue. Officials have reached an agreement with their teachers. The amount of the pension bond issue is \$3,220,000 and will cover the unfunded liability. The Capital Projects fund will be reduced to offset the debt, with the Bus Replacement being reduced if necessary.

Mr. Mills asked what the ADM count was for the school district and the Superintendent said 2,079, but would actually be 2,300 if kindergarten students were not counted as half.

Mr. Bronnert asked if this was the first request for a pension bond issue and the Superintendent said yes.

Mr. Umbaugh asked if officials have changed since 2001. The Director of Finance said no, an agreement was reached in 2001 and nothing has changed with the agreement.

Mr. Mills asked if officials started paying through the General fund and the Superintendent said yes, but this will accelerate the payoff.

Motion: Mr. Barnes made a motion to approve a pension bond issue in the amount of \$3,220,000. Mr. Nemeth seconded the motion, which favorably carried 8-0.

School Town of Munster, Lake County: Officials requested approval of a pension bond issue in the amount of \$7,175,000. The tax rate impact is \$0.04372. The term of the bond is 20 years. The Bond/Neutrality Resolution states the Bus Replacement fund will be reduced to offset the debt. This is the second pension bond request with the initial request of \$4,135,000 approved by the DLGF on October 8, 2002.

Present for the hearing was Richard Sopko, Assistant Superintendent; Art Henderlong, Uniserv Director; Dave Wimmer, Hilliard Lyons and Jeff Qualkinbush, Barnes & Thornburg.

Comments: The Assistant Superintendent spoke about the proposed pension bond issue. Officials entered into a plan in 2001 that capped retirement benefits. They issued bonds up to their maximum of just over \$4 million and these additional bond proceeds will eliminate the unfunded liability. The Bus Replacement fund will be reduced in 2007 to offset the debt with an expected reduction of \$489,000 the next two years. Officials plan to run buses for twelve years instead of ten.

Mr. Mills asked if they have an agreement and the Assistant Superintendent said yes, they did before the original bond issue. Mr. Mills asked how many students are in the district and the Assistant Superintendent said 4,100 students K-12th grade.

Mr. Barrow asked how much the first bond issue was for and Mr. Qualkinbush replied \$4,135,000.

Mr. Umbaugh asked if this issue would be sold through the Indiana Bond Bank and Mr. Qualkinbush said yes.

Mr. Nemeth asked if there would be a big difference in the interest rate if the Bond Bank fees are not paid up front. Mr. Qualkinbush said a half percent.

Motion: Mr. Mills made a motion to approve a pension bond issue in the amount of \$7,175,000. Mr. Umbaugh seconded the motion, which favorably carried 8-0.

Crawford County Community School Corporation, Crawford/Harrison County: Officials requested approval of a pension bond issue in the amount of \$4,400,000. The tax rate impact is \$0.1445. The term of the bond is 20 years. The Bond/Neutrality Resolution states the Capital Projects fund will be reduced to offset the debt. This is the first request for a pension bond issue by this school corporation.

Present for the hearing was Dr. Mark Eastridge, Superintendent; Denny Stroud, Business Manager; Nate Day and Tom Grabill, Educational Services Company and Jeff Qualkinbush, Barnes & Thornburg.

Comments: The Superintendent spoke about the proposed pension bond issue. Officials are in the process of working with the teachers' association to reach an agreement. He became Superintendent in January 2005 and he discovered a significant severance liability. Officials have been in negotiations for the past several months and what they have in place will address the bridge payments. The new hires now receive a 2% contribution into an individual account. They have an ongoing obligation for sick days, which are paid off yearly at a cost of \$60 per day. They will need to neutralize approximately \$350,000 with this bond issue and plan to reduce the Capital Projects and Bus Replacement funds. Officials have received approval of a QZAB for a project at the Jr./Sr. High School and past Common School Fund Loans have addressed other building needs. Most of their bus routes are run by contracted drivers, so they can get by purchasing one bus per year.

Mr. Bronnert asked about the twenty year term for repayment. The Superintendent said they want to keep it at twenty years at this point.

Mr. Nemeth noted the trend of the control board has been to deny pension bond requests when an agreement has not been reached. The Superintendent said if they do not have an agreement by May 1st, they will not be issuing bonds.

Motion: Mr. Mills made a motion to approve a pension bond issue in the amount of \$4,400,000 subject to an agreement being reached. Mr. Barnes seconded the motion, which carried by a vote of 7-1. Mr. Nemeth cast the dissenting vote.

Benton Community School Corporation, Benton/Tippecanoe/Warren County: Officials requested approval of a pension bond issue in the amount of \$945,000. The tax rate impact is \$0.0128. The term of the bond is 15 years. The Bond/Neutrality Resolution states the Capital Projects and Bus Replacement funds will be reduced to offset the debt. This is the second pension bond request with the initial request of \$1,950,000 approved by the DLGF on November 19, 2002.

Present for the hearing was Dr. Steve Wittenauer, Superintendent; Tracy Albertson, Business Manager; Nate Day and Tom Grabill, Educational Services Company and Jeff Qualkinbush, Barnes & Thornburg.

Comments: The Superintendent spoke about the proposed pension bond issue. He has been the Superintendent for three years. They have issued bonds previously, but they were not enough to

cover the buyout completely. Officials have reached an agreement with the teachers' association. The Capital Projects fund will be reduced to offset the debt. They feel this fund could handle the reduction since they are in the process of constructing a new elementary school and they will consolidate two of the four elementary schools. The term of the bond issue is fifteen years.

Mr. Mills asked how many students are in the district. The Superintendent replied the ADM is 1,952, but the enrollment was up to 3,000 at one time.

Motion: Mr. Umbaugh made a motion to approve a pension bond issue in the amount of \$945,000. Mr. Nemeth seconded the motion, which favorably carried 8-0.

Argos Community School Corporation, Marshall County: Officials requested approval of a lease rental agreement with maximum annual payments of \$189,000 for 13 years. Total project costs are \$1,450,000. The tax rate impact is \$0.0614 with no new facility appeal planned. The common construction wage scale was approved with the Governor's Representative abstaining from the vote. The issue fell below the threshold for a petition and remonstrance process.

Present for the hearing was Peter O'Rourke, Superintendent; Tim McFarland, Business Manager; Jim Clevenger, General Counsel; Doug Copley, Architect; Dave Wimmer, Hilliard Lyons and Jeff Qualkinbush, Barnes & Thornburg.

Project: Argos Community Schools has a total of 180,000 square feet and 32 different roof sections. Thirty-one (31) roofs are located on the main, K-12 building and one building/one roof stands alone. The one stand alone "roof" is part of the free standing Ag building.

The school currently has three different types of roofs. The majority of the roofs (90%) are EPDM rubber, (7%) are built up roofs and (3%) of the roofs are metal.

A comprehensive roof analysis initially took place in January 2004, in order to evaluate the roof inventory and formulate the initial strategy for a roof asset management plan. Then, in March 2004, we implemented our roof asset management plan. There were two primary objectives of the plan. The first was to create a proactive, roof replacement and restoration program that would enable us to avoid unexpected and or surprise costs which will adversely effect our CPF. The second objective was to perform preventive maintenance in order to attempt to extend the life of each roof, thereby prolonging the roof asset.

We knew that the strategy would be a challenge, both financially and realistically, as Argos Schools had not performed any roofing, re-roofing, or serious roof maintenance since 1996. This was due to the fact that several of the EPDM (rubber) roofs are 18+ years old and the typical life expectancy is 12 years. Thus, in order to do the best we could, we budgeted \$200,000 per year for roofing, over the next seven years, with the first project commencing in June 2005.

We implemented the first re-roof project during the summer of 2005 and re-roofed a large portion of the Elementary School wing. We also chose to utilize a highly efficient, energy-star rated, single-ply roof system in order to reflect the UV rays and reduce energy costs.

In August, we re-evaluated our CPF budget and determined that we'd only be able to spend \$80,000 per year, instead of \$200,000. Then, in September of 2005, we received our bi-annual roof inspection and found that several of our EPDM roofs deteriorated faster than expected primarily due to their age and exposure to the elements. A roof analysis was delivered to the board and we learned the following:

Of the 32 roofs:

8 roofs are in good condition, which means they will last, on average, for another 7-15 years, with annual maintenance. The 8 roofs represent 23% of the total square feet.

7 roofs are in fair condition, which means they will last, on average, for another 4-7 years, with annual maintenance. The 7 roofs represent 17% of the total square feet.

17 roofs are in poor condition, which means they are in very poor condition and will most likely fail within 1-3 years. Many of these roofs will require immediate attention. The 17 roofs represent 60% of the total square feet.

With regard to the HVAC, and the overall air quality, we determined that four units need to be replaced. This is due to old, outdated technology and the need for high performance and enhanced efficiency units. Unfortunately, we also determined that the poor performing units are causing a potential air quality issue. This is due to the fact that they are restricting the amount of fresh air that is able to enter the building, thus creating a potential CO₂ concern.

The four, problematic units were installed in 1988 and they are variable air volume (VAV) temperature controlled. The typical life expectancy for these units is 15 years, thus they are outdated. In turn, the four new units will have a state of the art, programmable, digital control system in order to operate much more efficiently, but they will also allow for optimal, fresh-air intake and superior circulation. Finally, it was determined that the most prudent time to perform the HVAC upgrade and replacement would be while the re-roof project is in progress. This is the case, as we would hate to tear open a new roof, in a year or two, in order to replace an antiquated HVAC unit.

Based upon the revised roof analysis, and the reduction of the CPF budget, we decided to pursue the entire roof and HVAC project.

We will be replacing all the poorly rated roof areas and restoring all of the fair rated areas. This, in turn, will shift all of our roofs into good condition and we will not have to perform any large roofing project until 2015 or beyond. Likewise, we've decided to utilize the energy-star rated roof system and when utilized with the new HVAC units, will recognize a significant reduction in overall energy costs.

Comments: The Superintendent spoke about the project. A roof assessment was completed and implemented in March 2004. There were two objectives to this plan. The first was to create a proactive roof replacement and restoration program. The second was to perform roof maintenance to extend their useful life. The school corporation had not performed any serious

roof maintenance since 1986. They knew this was a challenge since several of the rubber roofs were over 18 years old that typically have a useful life of 12 years. Officials budgeted \$200,000 per year in the Capital Projects fund over the next seven years and completed a large project on the elementary school wing. The Capital Projects fund has since been determined to be insufficient to cover these projects as well as other building needs. The roof analysis in September 2005 found that 60% of the roof area was in poor condition. It was determined that four HVAC units also need to be replaced. The current systems are old and outdated and there is a need for high performance and enhanced efficiency units. The air quality in the facility is also of concern. The units have outlived their useful life and it was determined to be more prudent to replace these units when the roof was being replaced. No one has spoke in opposition to the project.

Mr. Barnes asked if the school corporation has the bonding capacity to cover this project and Mr. Qualkinbush said no. Mr. Barnes asked if the new roof would be white and the Superintendent said yes.

Mr. Nemeth questioned if the same Building Corporation was being used. Mr. Qualkinbush explained the district is only one building. Mr. Nemeth questioned the bids and bonds being so close together. Mr. Qualkinbush said the intent is to lock into a rate a couple of days after bids are received. Mr. Nemeth asked if school patrons make up the holding corporation and Mr. Qualkinbush replied yes. Mr. Nemeth asked how fees were determined since they seemed high. Mr. Qualkinbush said the fees are charged on an hourly basis and not as a percentage of the transaction. Mr. Nemeth questioned no debt reported on page 11 of the hearing information sheet. Mr. Wimmer said that should state \$1,450,000 with a tax rate of \$0.9838 and total debt percentage of 4.8038%.

Mr. Mills asked how many students are in the district and the Superintendent said around 700.

Mr. Bronnert asked if there is an outstanding pension bond issue and the Superintendent replied yes. Mr. Bronnert asked if the Capital Projects fund was the fund being reduced and the Superintendent said yes. Mr. Bronnert noted the higher issue fees. Mr. Qualkinbush explained the fees are based on the time spent and not as a percentage of the issue as some firms do.

Motion: Mr. Barnes made a motion to approve a lease rental agreement with maximum annual payments of \$189,000 for 13 years. Mr. Nemeth seconded the motion, which favorably carried 7-0-1. Mr. Umbaugh abstained from the vote.

MSD of Southwest Allen County, Allen County: Officials requested approval of a lease rental agreement with maximum annual payments of \$900,000 for 12 years. Total project costs are \$5,825,000. The tax rate impact is \$0.0350 with a new facility rate impact of \$0.005 expected. The common construction wage scale was passed, with the AFL-CIO representative opposing the scale. There was no application for a petition and remonstrance process.

Present for the hearing was Dr. Brian Smith, Superintendent; Jim Coplen, Business Manager; John Bloom, School Board President; Rod Wilson, City Securities Corporation and Jeff Qualkinbush, Barnes & Thornburg.

Project: Southwest Allen County Schools is going to construct an addition to Covington Elementary School, which will result in a building capable of enrolling approximately 750 students to accommodate strong housing growth in the north-western portion of the district. The classrooms will be constructed along the south wing of the existing structure. When completed, there will be 32 classrooms and four kindergarten rooms plus specially equipped rooms for science, art, and music. There will be a community room, an office suite, two gymnasiums, and a cafetorium. Playgrounds will be moved and enlarged to match the expected enrollment.

The addition will total nearly 27,000 square feet, which will increase the building's size to 117,000 square feet. It includes twelve general classrooms, two small group instruction rooms, a small gymnasium without any seating, enlarging the kitchen, and providing new restrooms and systems areas. The geothermal heating system at the facility will be expanded to include the addition.

The only remodeling to occur will be the changing of the existing office suite to enlarge the clinic and dividing the existing music room into two spaces.

This plan was accepted after the board investigated three alternatives (both of the others were more expensive) and held three public forums looking for input from the community. All public comment on the plan has been positive and there has been no public objection raised at any of the hearings. The corporation would prefer to operate fewer schools because of the administrative overhead. After investigation and several school visits, it has determined that children can be educated as well in a large elementary school as in a small one as long as teacher to student ratios and sufficient equipment is made available to do so.

Comments: The School Board President spoke about the project. Their philosophy on the elementary school level has been to maintain a size of 500 to 530 students per facility. The community is supportive of maintaining the current class sizes and a referendum was approved recently to address that issue. They are experiencing growth in enrollment in the northwestern part of the district. Parents gave feedback expressing concern of being at 100% capacity. Officials have studied this issue the past twelve to fifteen months and held public meetings where parents expressed the desire to maintain the current class sizes. The school board developed long range plans for facilities and want to maximize operating efficiencies. This addition will be paid off in ten years without a tax increase. There has been no opposition expressed and he believes the community sees this as a good plan.

The Superintendent continued the discussion. They completed a redistricting two years ago. Officials tried to anticipate space needs at all facilities during this process, but they miscalculated the growth at Covington Elementary School. They discussed building a new elementary versus an addition and discovered it would cost \$227,000 more to operate a new facility. The addition is cheaper to build since there will be no land cost and the building was designed to allow for an addition. Officials visited several larger elementary schools and feel they can effectively educate students in a larger facility. The addition includes twelve classrooms, new art room, new science room and a new gymnasium. The addition will be 26,600 square feet. The capacity of the school with the addition would be 800 students, but they hope to keep it down to 750 students.

The facility utilizes geothermal heating and they saved \$35,000 this year by not using natural gas.

The Business Manager continued the discussion. They are currently constructing a building to replace a facility and replaced another building in 2004. They have commissioned six demographic studies in the past ten years, with four completed since June 2002. Three studies ago, the elementary level was expected to stop growing. The latest study still projects moderate growth at the elementary level. The maximum lease payment is \$900,000 with a term of twelve years, but they expect payments of \$800,000 with a ten year term. The tax rate impact of this project is \$0.035 and they expect some current debt to be paid off. The assessed value in the district continues to increase.

Mr. Umbaugh asked about the building corporation. Mr. Wilson said it is the same one that has been used on previous issues.

Mr. Nemeth noted the bond counsel fee was less on this issue than Argos who appeared earlier. Mr. Qualkinbush said the Fort Wayne office handled this issue. Mr. Nemeth asked if this project would have a construction manager. Mr. Wilson said the architect will handle those responsibilities. He noted there are plenty of general contractors in the Fort Wayne area. Mr. Nemeth voiced his concerns over the members of the Building Corporation. Mr. Wilson noted they are all or have been school corporation taxpayers. Mr. Qualkinbush noted the school board has the power to appoint the Building Corporation members and oversees the expenditures. The Superintendent said the Building Corporation does not proceed with anything without contacting school officials and the school board.

Mr. Barrow asked what the school board vote was at the March 14, 2006 lease hearing and the Superintendent said it was unanimous.

Motion: Mr. Barnes made a motion to approve a lease rental agreement with maximum annual payments of \$900,000 for 12 years. Mr. Umbaugh seconded the motion, which favorably carried 8-0.

Merrillville Community School Corporation, Lake County: Officials requested approval of a pension bond issue in the amount of \$4,965,000. The tax rate impact is \$0.02. The term of the bond is 20 years. The Neutrality Resolution states the Capital Projects and/or Bus Replacement funds will be reduced in 2007 to offset the debt. This is the second pension bond request with the initial request of \$7,860,000 approved by the DLGF on November 19, 2002.

Present for the hearing was Tony Lux, Superintendent; Bill Gall, Interim Business Manager and Jane Herndon, Ice Miller.

Comments: The Superintendent spoke about the proposed pension bond issue. This is their second request for a pension bond issue. The first issue in the amount of \$7,860,000 was approved prior to the change in the calculation of the bonding capacity. Officials are requesting \$4,965,000 for this bond issue. They have reached an agreement to eliminate the unfunded liability with this issue. The Capital Projects fund will be reduced to offset the debt.

Mr. Umbaugh asked if they had an agreement and the Superintendent said yes.

Motion: Mr. Umbaugh made a motion to approve a pension bond issue in the amount of \$4,965,000. Mr. Nemeth seconded the motion, which favorably carried 7-0. Mr. Barnes was absent from the vote.

North Judson-San Pierre School Corporation, Starke/Pulaski County: Officials requested approval of a pension bond issue in the amount of \$830,000. The tax rate impact is \$0.0428. The term of the bond is 20 years. The Neutrality Resolution states the Capital Projects and/or Bus Replacement funds will be reduced to offset the debt. This is the first pension bond requested by this school corporation.

Present for the hearing was John Heath, Superintendent; Guy Richie, Treasurer; Jim Elizondo, City Securities Corporation and Thomas Peterson, Ice Miller.

Comments: The Superintendent spoke about the proposed pension bond issue. They have reached an agreement with teachers and need the \$830,000 to cover the agreement. The Capital Projects fund will be reduced to offset the debt.

Mr. Elizondo noted revised information was submitted lowering the bond issue request.

Mr. Mills asked how many students are in the district and the Superintendent said about 1,400.

Mr. Besinger asked how many teachers and administrators are in the district. The Superintendent said they have 85 teachers and 11 administrators.

Mr. Bronnert asked what the school board vote was for the bond resolution and the Superintendent said it was unanimous.

Mr. Nemeth asked what would be done at the school board meeting next Tuesday. The Superintendent said the school board will ratify the agreement.

Motion: Mr. Barnes made a motion to approve a pension bond issue in the amount of \$830,000. Ms. Hineline seconded the motion, which favorably carried 8-0.

Northeast School Corporation, Sullivan County: Officials requested approval of a pension bond issue in the amount of \$3,800,000. The tax rate impact is \$0.13. The term of the bond is 20 years. The Neutrality Resolution states the Capital Projects and/or Bus Replacement funds will be reduced in 2007. This is the second pension bond request with the initial request of \$1,225,000 approved by the DLGF on August 28, 2002.

Present for the hearing was Richard Walters, Superintendent; Lonnie Therber, Therber and Jane Herndon, Ice Miller.

Comments: The Superintendent spoke about the proposed pension bond issue. They issued bonds up to their capacity in 2002, but it was not enough to cover the liability. They have a

signed agreement with the teachers that has also been approved by the school board. This bond issue will eliminate the unfunded liability. They have paid off a lot of debt in the past few years and were actually able to decrease their tax rate 10% this year.

Mr. Besinger asked what is the most a person will receive with this agreement and the Superintendent replied \$70,000.

Mr. Mills asked how many students are in the district and the Superintendent replied just under 1,500.

Mr. Bronnert asked if there is any major maintenance or capital projects in the near future. The Superintendent said none yet at this point.

Motion: Mr. Barnes made a motion to approve a pension bond issue in the amount of \$3,800,000. Ms. Hine seconded the motion, which favorably carried 8-0.

Control Board members took a few minutes to discuss a questionnaire received by Mr. Bronnert from the Government Efficiency Commission.

Knox Community School Corporation, Starke County: Officials requested approval of a pension bond issue in the amount of \$3,200,000. The tax rate impact is \$0.0983. The term of the bond is 15 years. The Neutrality Resolution states the Capital Projects fund will be reduced to offset the debt. This is the first request for the pension bond by this school corporation.

Present for the hearing was Kim Knott, Superintendent; Sherry Fort, Business Manager; A.J. Gappa, High School Principal; Paul Gabriel, Consultant; Jim Elizondo, City Securities Corporation and Thomas Peterson, Ice Miller.

Comments: The Superintendent spoke about the proposed pension bond issue. Officials are requesting a pension bond issue in the amount of \$3,200,000. Officials have a tentative agreement and expect it to be ratified by April 1, 2006. This will eliminate the unfunded liability and the Capital Projects fund will be reduced to offset the debt.

Mr. Besinger asked how many teachers and administrators there are in the district. The Superintendent said 112 teachers and 12 administrators.

Mr. Mills asked how many students there are in the district and the Superintendent said 2,000 students.

Motion: Mr. Barnes made a motion to approve a pension bond issue in the amount of \$3,200,000. Mr. Umbaugh seconded the motion, which favorably carried 8-0.

Concord Community Schools, Elkhart County: Officials requested approval of a pension bond issue in the amount of \$3,300,000. The tax rate impact is \$0.0265. The term of the bond is 15 years. The Neutrality Resolution states the Capital Projects and Bus Replacement funds will

be reduced in 2007 to offset the debt. This is the second pension bond request with the initial request of \$2,665,000 approved by the DLGF on March 14, 2002.

Present for the hearing was George Dyer, Superintendent; Larry Jackowiak, Assistant Superintendent; Randy Myers, School Board President; Larry Mast, School Board Vice President and Jane Herndon, Ice Miller.

Comments: The Superintendent spoke about the proposed pension bond issue. When SB 199 was first enacted, they were able to eliminate some of the obligations. They could not eliminate it completely due to the lack of bonding capacity. This bond issue will help eliminate all three components of the retirement liability. The agreement was ratified by the teachers in January and the school board approved it in February.

Mr. Mills asked how many students are in the district and the Superintendent responded 4,600 K-12th grade.

Mr. Besinger asked how many teachers and administrators they have in the district. The Superintendent said they have 325 certified staff. This buyout affects 194 teachers and 24 administrators.

Mr. Mills asked if the agreement has been signed and the Superintendent replied yes.

Motion: Mr. Mills made a motion to approve a pension bond issue in the amount of \$3,300,000. Ms. Hineline seconded the motion, which favorably carried 7-0-1. Mr. Umbaugh abstained from the vote.

Oregon-Davis School Corporation, Starke County: Officials requested approval of a pension bond issue in the amount of \$520,000. The tax rate impact is \$0.0923. The term of the bond is 5 years. The Neutrality Resolution states the Capital Projects and Bus Replacement funds will be reduced in 2007 to offset the debt. This is the first request for the pension bond by this school corporation.

Present for the hearing was William Rentschler, Superintendent; Tom Grabill and Nate Day, Educational Services Company and Thomas Peterson, Ice Miller.

Comments: The Superintendent spoke about the proposed pension bond issue. The future value of the unfunded liability is \$2,583,508 and the present value is \$1,703,581. They have 52 certified staff and administrators, including three full-time and two part-time administrators. The total salaries for the district in 2001 were \$2,070,434. They have a tentative agreement for a \$1,011,000 buyout. The teachers ratified the agreement on February 14, 2006 and the school board approved it on February 21, 2006. They will issue bonds in the amount of \$520,000 with \$490,000 coming from other funds.

Mr. Besinger asked what the maximum amount a person would receive under the agreement. The Superintendent said the maximum amount is \$40,092 for 37 years of service and \$895 for one year of service. The average payment is \$13,600 and the median amount is \$12,200.

Motion: Mr. Umbaugh made a motion to approve a pension bond issue in the amount of \$520,000. Mr. Besinger seconded the motion, which favorably carried 8-0.

North Miami Community Schools, Miami County: Officials requested approval of a pension bond issue in the amount of \$1,395,000. The tax rate impact is \$0.0944. The term of the bond is 15 years. The Neutrality Resolution states the Capital Projects fund will be reduced in 2007 to offset the debt. This is the second pension bond request with the initial request of \$965,000 approved by the DLGF on October 8, 2002.

Present for the hearing was Brent Kaufman, Superintendent; Curt Pletcher, HJ Umbaugh and Jane Herndon, Ice Miller.

Comments: The Superintendent spoke about the proposed pension bond issue. Officials are requesting a bond issue in the amount of \$1,395,000 with a 15 year repayment. The Capital Projects fund will be reduced to offset the debt. This bond issue will help meet the unfunded liability. The school board supports this bond issue and there have been no objections raised at the hearings. Officials have an agreement with the local teachers' association.

Mr. Bronnert asked about the condition of the facilities. The Superintendent said they are in good shape, but are reviewing the roof and maintenance schedules. Mr. Bronnert asked if officials would pursue approval for a lease rental agreement to fund these projects. The Superintendent said they hope to handle smaller sections through the Capital Projects fund.

Motion: Mr. Barnes made a motion to approve a pension bond issue in the amount of \$1,395,000. Ms. Hineline seconded the motion, which favorably carried 7-0-1. Mr. Umbaugh abstained from the vote.

Madison-Grant United School Corporation, Grant/Madison County: Officials requested approval of a pension bond issue in the amount of \$3,400,000. The tax rate impact is \$0.0956. The term of the bond is 15 years. The Neutrality Resolution states the Capital Projects, Bus Replacement and/or Transportation funds will be reduced in 2007 to offset the debt. This is the first request for the pension bond by this school corporation.

Present for the hearing was Fred Herron, Superintendent; Rebecca Monroe, Director of Business Affairs; Letitia Beckley, President of the Madison Grant Teachers Association and Jane Herndon, Ice Miller.

Comments: The Superintendent spoke about the proposed pension bond issue. They are seeking approval of a pension bond issue in the amount of \$3,400,000.

Mr. Bronnert asked if this was the first request for a pension bond and the Superintendent replied yes. Mr. Bronnert asked why officials waited until now to seek this bond issue. The Superintendent said it was because an agreement could not be reached.

Ms. Hineline asked if they have an agreement now. The Superintendent said they have a tentative agreement that is scheduled to be ratified on March 24, 2006. The President of the

teachers' association read a statement in support of the agreement. She said she was confident it will be ratified.

Mr. Umbaugh asked about the other funds being used in conjunction with the bond issue. The Superintendent said it was General fund monies placed in fund 63. Mr. Umbaugh asked if the bonds will be sold competitively on the open market and officials replied yes. Mr. Umbaugh asked how many have been sold on their own and the answer was there have been some, but the Bond Bank is still an option for this issue.

Mr. Nemeth asked if the General funds were placed in fund 63 and officials confirmed that was correct. Mr. Nemeth said they should not be in there. Mr. Barnes noted officials could correct this at the end of the fiscal year.

Motion: Mr. Umbaugh made a motion to approve a pension bond issue in the amount of \$3,400,000 subject to ratification of the agreement. Mr. Mills seconded the motion, which favorably carried 8-0.

Portage Township Schools, Porter County: Officials requested approval of a lease rental agreement with maximum annual payments of \$843,000 for 22 years. Total project costs are \$10,000,000. The tax rate impact is \$0.0271 with no new facility appeal planned. The common construction wage information was in order. There was no application for a petition and remonstrance process.

Present for the hearing was Michael Berta, Superintendent; David White, Business Manager; Sharon Qualkenbush, Assistant Business Manager; Sid Baker, City Securities Corporation and Thomas Peterson, Ice Miller.

Project: The project includes two parts, roofing and food service remodeling.

Roofing Project:

- Aylesworth School partial reroofing involves tear-off down to gypsum deck and has a proposed budget of \$505,000.
- Willowcreek Middle School partial reroofing will include a complete tear-off to original structure deck and has a proposed budget of \$1,819,000.
- Crisman School flat roof area reroofing will include a tear off down to the original roof and reinsulate to create minimum ¼" per foot slope to drains and has a proposed budget of \$475,000.
- IMS (Old Administration Building) reroofing will include the tear-off of the old original building and reproofing only of the 1990's wing at a proposed cost of \$46,500.
- K-building project includes tear-off of existing membrane down to deck and replacement with a new rubber roof with a proposed cost of \$50,000.
- Jones School reroofing includes total tear-off and creation of slopes to drains of minimum ¼" per foot with a proposed cost of \$566,000.

- Portage High School East partial reroofing will include tear-off and replacement of much of the original school roof and, where necessary, tapered insulation will be used to increase minimum slope to ¼” per foot at a proposed construction budget of \$2,044,000.
- Administration Building includes rubber roof and shingle roof replacement and has a proposed budget of \$58,000.
- Willowcreek School window replacement includes 208 windows to be replaced with insulated glass and panels and 13 entrance and sidelites with a proposed cost of \$331,000.

Food Service Remodeling Needs:

Fegely Middle School-Serving Lines including cashier stands, walk-in freezer/cooler, and storeroom floor repair. We have an immediate need at Fegely to replace their current serving line, including cashier stations. That unit has been there since the building was constructed and no longer has functioning heat compartments. The line has been disabled because parts are no longer available and we frequently smelled gas leaking from it. The food is prepared in ovens and moved back and forth between lines, because we cannot hot-hold it on the line. To ensure food safety we need to be able to hot-hold food at 140 degrees.

The current cashier stations are in the middle of the room, with electrical and network lines taped to the floor. The lines on the floor are a safety hazard and causes problems with the information being relayed, but we have no choice at this point. Electrical lines and network lines need to be configured into the new serving/cashier lines.

A walk-in freezer and cooler would be beneficial because we currently have little freezer/dry storage space for the number of meals served in that kitchen. The floor of the store room is weathered and cracked making it difficult to maneuver. The floor needs to be removed and repoured for safety and to use the storage area to its potential. Estimated cost \$180,000.

Willowcreek Middle School-expansion of the serving areas and remodeling of kitchen. We have an immediate need at Willowcreek Middle School to expand our serving area and remodel the kitchen. We are serving 1,000+ meals a day, (the same as Portage High School East), with only two cashiers. The current configuration of equipment does not allow us to expand the area without remodeling. The lines at Willowcreek are very long and it takes the children a long time to get through the lines. We need to make the serving areas as efficient as possible to get the children through in the time that is allotted. Estimated cost \$260,000.

Elementary Schools-Walk in freezers and coolers. As our Food Service program changes and expands, we need to provide adequate equipment for proper food storage. Our kitchens are relatively small and most were built when the building was constructed and little has been done to enlarge them in spite of the increase of student population. We are serving more and more students daily and that takes efficient storage of all food products. We have successfully added walk-in coolers and freezers at three of our elementary schools, and we need to look at doing the same at other schools that do not have them. At this time, those schools would be Aylesworth and Saylor. By adding on walk-in freezers and coolers, we can adequately store dry goods, along with refrigerated and frozen products. Walk-in coolers and freezers reduce the number of stand alone units we would have to replace over the course of time. Estimated cost \$90,000.

Portage High School East-2 year remodeling plan. The current kitchen, serving, and dining areas at Portage High School East are in severe need of updating and remodeling. The kitchen is original with the building and has not been updated since then. The equipment is very old, inefficient and no longer meets the needs of this busy food service operation. The students must wait in line for long periods of time to purchase their lunch. Newer configurations of serving lines would move the students through quickly and proficiently.

We spent a considerable amount of money repairing the current cooler and freezer, with little notable improvement. The boxes are old and are built of material that is now outdated and damaged, from years of use and need replaced.

The split dining areas are labor intensive and difficult to upgrade into modern serving facilities. Reconfiguring the current foot print and combining the dining areas into one, would serve all the students efficiently and promptly.

The functionality of the prep area is limited, inconveniently laid out and land locked. Work areas are poorly laid out and inadequate for today's needs.

A total remodel of the kitchen and dining areas would make it functional for the next 20 years, while allowing for future student growth. Estimated cost \$415,000.

Portage High School West-Cafeteria needs major renovation. In the kitchen, the freezer/cooler units do not operate properly and one unit is completely down and can't be repaired. The hood needs to be replaced as it is antiquated and ventilates through the roof then turns and points back down, a problem for the roof for years. Serving lines no longer heat and are configured very poorly. Lines are very long and serving is difficult. We need more space from the teacher's lounge (permission given already) to put in an adequate walk-in cooler and freezer units, and expand our storage facilities. The whole area needs dire help and renovation/remodeling, it is a very unpleasant area to eat in. Estimated cost \$363,000.

Other Items to Consider:

Kitchens-Blast Chillers. To be in compliance with the new Federal and State regulations governing school food service, we implemented a HACCP program this fall in our food service department. We have that in place, but there is one area of that program that is of great concern, the cooling down process of cooked food. To ensure food safety we need to cool our products quickly through the "danger zone" of the cooking/cooling process. We currently place the hot products into our refrigerators or freezers for that process. Unfortunately, by doing that, our refrigerators/freezers rise in temperature, which could cause damage to other food products being stored and it is still not sufficient to reach safe temperatures in the time allotted. We have only a six hour window to completely cool down products to safe levels. Blast chillers are a piece of equipment that "blasts" the food product with cold, quickly cooling the food to safe temperatures, in a very short span of time. To ensure safe handling of cooked products blast chillers are recommended as the safest and fastest method of quickly cooling products to safe temperatures.

Hood Upgrades-many of our exhaust hoods are outdated and inefficient under current fire codes. We are not written up for those hoods because we are grandfathered in, but they are a safety issue we need to consider. Anytime food is being prepared with open flames the law requires an exhaust hood. The hoods need replaced because they are no longer adequate and do not contain

Ansel systems, which is a liquid product that smothers grease fires. For maximum safety, all hoods should be updated and brought up to code.

Comments: The Superintendent spoke about the project. Officials held two public hearings prior to the 1028 hearing to describe the project to the community. He feels the community is well informed and strongly supports the project.

The Business Manager continued the discussion. He explained why the Capital Projects fund was not being used to fund this project. The project is mainly for improvements to current facilities and is necessary due to the status of the Capital Projects fund. The rate cap calculation for the Capital Projects fund utilizes an erroneous assessed value for 2001 payable 2002. They were under assessed in that year. This has cost the district \$5 million in levy the last four years. This loss undermines their ability to cover these types of projects in the Capital Projects fund. He referred to a couple of lists they submitted showing their ranking by CPF levy and CPF dollars per student. This lease will allow the Capital Projects fund to be utilized for security improvements and other projects.

Mr. Mills asked what was the source of the assessment error. Officials were not sure as the blame was being directed at several parties.

Mr. Barnes said if the school experiences a levy excess, they could appeal to the DLGF to be allowed to retain those funds without transferring them to the Rainy Day fund.

Mr. Bronnert asked for an explanation of the project. The Superintendent said it is a roofing and food service upgrades at most buildings. There will be food preparation apparatus also replaced in this project. The Business Manager noted they have a breakfast program at all elementary schools that increases the need for food storage space.

Mr. Besinger asked what type of signage was included in this project. The Superintendent said they are currently working on a building project that will connect the Portage High School East to the Portage High School West building. The names would disappear and the joined facility will become Portage High School. The reference to the signage is probably due to this facility being renamed.

Motion: Mr. Barnes made a motion to approve a lease rental agreement with maximum annual payments of \$843,000 for 22 years. Ms. Hinline seconded the motion, which favorably carried 8-0.

Middlebury Community Schools, Elkhart County: Officials requested approval of a lease rental agreement with maximum annual payments of \$1,400,000 for 25 years. Total project costs are \$16,595,000. The tax rate impact is \$0.1033 with a new facility rate impact of \$0.0198 expected. The common construction wage scale was passed with the Governor's Representative abstaining from the vote. There was an application for a petition and remonstrance process and the results were 3,501 in favor and 1,632 opposed.

Project: This phase of the Middlebury Community Schools building project focuses on an auditorium and a pool. The auditorium will seat around 918 and will provide facilities for the drama, speech, music and academic classes programs. The auditorium will include areas for storage, set construction, rigging and make-up/dressing. The auditorium will have a foyer entryway that is at the end of the main hallway in the high school. The auditorium will be the only large group meeting area for the school and the community within the school building. The educational space will allow for the presentation of programs and classes that offer student's creative outputs as well as address learning styles for a greater number of students.

The pool at the Northridge High School will be ten lanes with an increased surface area for classroom use. The pool will have a moveable bulkhead so that two activities can take place in the pool at the same time. In addition the pool will have a minimum depth of five and a half feet. This is the recommended depth for the safety of students, but as of this date it is not a legal requirement in Indiana. The pool will be used from 5 AM to 10 PM every evening. The current pool that is not located at the high school will be mothballed for three years to see if there is a need in the future. The current pool could be used in the future for swimming lessons and recreational swimming. We are attempting to develop a relationship with a community agency such as the Middlebury Parks Department or Boys and Girls Club of Middlebury.

Present for the hearing was Jim Conner, Superintendent; Shirley Meyer, Director of Business Services; Craig Baker, School Official; Kent Yoder and Delores Merrick, School Board members; Randall Hesser, School Attorney; Mike Yoder, County Commissioner and Patron; Ralph Gerhart, Municipal Finance Corporation; Dick Moake and Jeremy Ogle, Moake Park; Jim Elizondo, City Securities Corporation; Joe Hoffman, Construction Control; Jane Herndon, Ice Miller and Derald Bontrager, Cecil Yoder, Bridget Griffin, Beth Harland, Tracy Gannon, Jeff McBride and Dean Leazenby, School Patrons.

Comments: The Superintendent spoke about the project. The proposed project is a swimming pool and auditorium. A project included a new high school, swimming pool and auditorium was defeated in a petition and remonstrance process in April 2003. Studies were done and officials went back to the community. They held seven community work sessions in January through April of 2005. Each meeting had between 125 and 300 patrons and lasted between 1 ½ and 3 hours. Officials also held several meetings with the leaders of the opposition from the prior remonstrance. The community was allowed to have input at each work session. The community was kept informed through newspaper coverage as well as the school corporation website. The project was refined as community members suggested. Staff meetings were held to gather their input, which even changed the direction of the project. The community input led to the project being divided into two phases. The first phase, which involved classrooms for a new high school, was approved by the control board and DLGF in 2005. This is the second phase and includes an auditorium and pool. There was no remonstrance on the classroom project because the board listened to the community and adjusted the plan. A remonstrance was filed on the second phase, which was won by the school corporation by a large percentage. The school board did decide to mothball the current swimming pool. The school board addressed the tax impact by adding debts as old debt is moving off the books. The pool and auditorium addition to the building will house five teaching stations.

Beth Harland, taxpayer, spoke in favor of the project. The school board proposed in the fall of 2002 a new high school with a pool, auditorium and competition gym as the most reasonable option to relieve overcrowding at five of six schools. A remonstrance was filed and the opposition won by a slight margin. A group of concerned citizens began work to determine why this project was defeated and two things were discovered. First, the optimum time to put forth a major project was not during a reassessment. The second thing was many signed in opposition due to misinformation. The goal of this group was to educate the community with the facts and allow them to make an informed decision. The administration determined it would be best to proceed with the classroom only high school project, with the promise that the community group would be allowed to put the other projects before the public as a separate project. The classroom project passed without a remonstrance in the summer of 2005. As a compromise when the second part of the project was considered, the competition gym was removed from the proposal since it was not absolutely necessary. A remonstrance was then filed on the auditorium/swimming pool project. Those in favor worked to educate the public and this project successfully went through the remonstrance process with the proponents winning by a 2 to 1 vote. The opposition could only muster half the votes garnered with the first remonstrance. Representatives of this group were asked to represent the community in the planning and design of the new school project and it is a responsibility they take seriously.

Tracie Gannon, taxpayer, spoke in favor of the project. Many people, including her husband, were opposed to the initial project due to the uncertainty of the cost to taxpayers due to the pending reassessment. Since the reassessment is now complete, taxpayers have a better idea of their tax liabilities. After her husband was able to see the tax impact of this project, they felt this was the most affordable time to pursue this project. They assisted in the efforts to get this approved by the community.

Derald Bontrager, taxpayer, spoke in favor of the project. He said as ideas were presented at the seven community meetings, the school corporation and the architect researched the ideas and presented results to the school board and the community. The result of this research helped the community come together to address patrons' concerns. During the community meetings the tax impact of the project was explained using a \$100,000 and a \$200,000 home as examples. This same approach was used in phase I and II. This proved to be helpful in placing the tax increase in terms that patrons could understand. The way this project unfolded helped bring the community together.

Mike Yoder, taxpayer, spoke in favor of the project. He is an elected Elkhart County Councilman and was pleased that the school board took the time to listen to the community with this project. He has seen a steady increase in the number of students in the district the past twenty years. Along with the growth in enrollment has been a growth in assessed value. The assessed value in 1968 was \$14,134,160 and in 2006 the assessed value is \$1,090,505,730. The current total tax rate is \$1.4678 and they continue to have one of the lowest rates in the area. This project, along with the new high school already approved, will continue to attract new growth. Historically over the last several years, the assessed value has increased 5% per year. With the anticipated growth in the area and the continued growth in assessed value, the tax rates should continue to remain reasonable for the services provided.

Cecil Yoder, taxpayer, spoke in favor of the project. He feels the community needs these two facilities to have a well rounded educational program. The lack of adequate seating in the current auditorium is a problem. They continue to have more students enrolled in the swimming program and they do not have adequate facilities. Students participating in the extra-curricular activities in these facilities learn important life skills such as commitment, cooperation, integrity, speaking leadership and teamwork that they can utilize throughout their life. He is willing to pay higher taxes to support these facilities as education has always been a top priority in their family.

Jeff McBride, taxpayer, spoke in favor of the project. He summarized that there is growth being experienced in their school district. The written statement he submitted goes into detail about the growth. On August 9, 2005, a 1028 Preliminary Determination Hearing took place to discuss a new auditorium and pool. The hearing publicly announced a \$16.5 million bond issue with a 25 year repayment at 1.5% over current market rates. The original school board proposal included a new auditorium, pool and competition gym costing \$21.5 million. After numerous public meetings with an abundance of public input, the school board eliminated the competition gym due to the lack of support. The overwhelming majority of the support was directed to build the new auditorium and pool. Removing the competition gym from the proposed project reduced the overall cost by 23.3%.

Bridget Griffin, taxpayer, spoke in support of the project. She has been involved as a community member with facilities planning for the past five years. Though in the next few years they will have four children in college at the same time, they are willing to pay the additional taxes to support this project. The new pool is important for the children due to the lack of space at the current facility. The current pool is at the legal limit for diving depth, which is four feet. It is possible that diving depth requirement could be increase to five feet. The current pool is too small for the programs in place. It is utilized by the students as well as the athletic teams. The community is able to utilize the facility on weekends. The current pool is now open from 5:30 a.m. to 9:15 p.m. during the week to meet the demand. After extensive research, it was determined that retrofitting the current pool to increase the diving depth would not be cost effective.

Delores Merrick, taxpayer, spoke in support of the project. The auditorium is vital to this project as the current facility would have to be shared among seven grades. This sharing has already resulted in a drastic decrease in the middle school drama and speech programs, which affects the growth of these programs at the high school level. Students would have to be transported from the new high school to utilize the current auditorium for classroom activities. They would also lack the space for a large group assembly with the new high school since the competition gym was eliminated from the project. It would also eliminate the possibility of a facility that can be used by the public for community activities and programs.

Kent Yoder, taxpayer, spoke in favor of the project. He is Vice President/Chief Financial Officer of Jayco Inc., which is the largest taxpayer in the school district, as well as a member of the school board. The school board held seven public hearings to receive input and direction from the taxpayers of the school district. There were countless individual meetings with individual taxpayers and community members who could not, or would not, attend the public meetings. The school board believes this project is a community decision. A great effort was extended to

communicate facts and receive input and direction. The average attendance at the public meetings was well over 100 and a large majority of taxpayers in the community rewarded the efforts with public support. The school board continues to work on the cost reduction of this project. They have been successful in reducing the soft costs to 12.5% of the cost of phase II, as well as the removal of the competition gym at a savings of \$5 million.

Mr. Bronnert asked if there were any additional comments from those in the audience, both in favor and against. There was no one wishing to speak.

Mr. Mills asked about the capacity of the current buildings. The Superintendent said there are no additional building needs in the immediate future. The current high school will become the middle school and the current middle school will become an intermediate school. Mr. Mills asked if the increase in the projected assessed value includes the loss of inventory and the Superintendent said they are aware of that occurring.

Mr. Barrow asked if the competition gym is totally off the table or will there be a phase III. The Superintendent said there will not be a phase III.

Mr. Barnes asked how many people the new auditorium will seat and the Superintendent said 918. Mr. Barnes asked how many students there are at the high school and the Superintendent said just under 1,200 and the new high school is being built for 1,300. Mr. Barnes asked how fancy the pool and auditorium will be. The Superintendent said the pool is similar to the one at Concord and the auditorium is standard.

Mr. Mills asked if the public will be allowed to use the new pool and the Superintendent replied yes.

Mr. Barnes asked if the community uses the current pool. Officials said it is used for some activities and is open fifteen hours per day during the school year.

Mr. Umbaugh asked if the results of the remonstrance were approximately 3,500 to 1,600 and the Superintendent replied yes.

Mr. Besinger asked what the total project cost was for phase I and II and officials replied \$58,280,000 including capitalized interest.

Motion: Mr. Barnes made a motion to approve a lease rental agreement with maximum annual payments of \$1,400,000 for a term of 25 years. Mr. Umbaugh seconded the motion, which carried by a vote of 7-1. Mr. Besinger cast the dissenting vote.

Adjournment: There was no further business to discuss and the meeting was adjourned.